

This letter responds to survey related to sales of computer software. See 86 Ill. Adm. Code 130.1935. (This is a GIL).

September 11, 2000

Dear Xxxxx:

This letter is in response to your letter received by our office on July 17, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found on the Department's Internet website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

You were kind enough to respond to our July 1999 survey of state sales and use tax on software. Survey results appeared in PUBLICATION. PUBLICATION has included this annually updated, state-by-state summary of sales and use tax on software since 1984.

It will be greatly appreciated if you would respond to this year's survey as well: For that purpose, enclosed is the portion of Appendix D pertaining to your state. Please check it for accuracy, mark it up with corrections as necessary, and return it to me. If appropriate, add comments or cross references to relevant regulations, rules, or recent court decision. Copies of such regulations, rules, or decisions would be helpful, too.

Please return the enclosed portion of Appendix D even if you have made no changes.

Responses to the survey will be included in the PUBLICATION, with a disclaimer to the effect that responses have been edited. If you would like to receive the PUBLICATION write 'Send Appendix D' on this letter, along with the name and address of the person who should receive it, and return the letter to me.

Thank you for your cooperation.

The Department will not approve the accuracy of private legal publications. However, please note that the Department is currently in the process of amending its administrative rules regarding computer software. These proposed changes may be viewed under the headings of "[legal information/proposed rules/Section 130](#)" on the Department's website listed below.

These proposed changes clarify the requirements of subsections (a)(1)(C), (a)(1)(D), and (a)(1)(E) of Section 130.1935 of the Department's administrative rules regarding the taxation of computer software. See 86 Ill. Adm. Code 130.1935. These proposed changes also make it clear that qualifying custom computer software is exempt, not only from Retailers' Occupation Tax, but also Use Tax, Service Occupation Tax, and Service Use Tax liability. See subsection (c)(1) of the Department's proposed changes to Section 130.1935. Please note that these proposed changes will not be effective until officially adopted by the Department.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk